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Greentech Investment Dollars About to Flow Again

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The greentech funding party, which saw [record levels of investment in the first three quarters of 2008](#), ended abruptly in the fourth quarter of last year, [marked by Tesla Motors' restructuring](#). But the party looks like it's about to crank back up again, thanks to both federal funding and [what some economists are calling the end of the recession](#). Reuters inks a [long piece quoting](#) a variety of investors projecting it's just a matter of time, perhaps just a few months, before investments in the green technology sector start to heat back up again.

Anecdotally, from a reporter's perspective covering funding news, there's been an increase in company funding announcements over the past few weeks, including [Vinod Khosla's new \\$250 million greentech fund](#), with \$60 million from CalPERS, the California pension fund, [green plastics firm Novomer's Series B round](#), [BP's \\$10 million deal with Martek](#), and rounds raised by energy efficiency firms [Tendril](#), [CPower](#), and [Grid Net](#). Even greentech poster child Tesla claims it [managed to hit profitability for the first time recently, and also earned an investment from Daimler](#).

Of course, a very large part of the return to life is the government funding for clean power and energy efficiency. That includes loans and grants now starting to reach companies, and also the promise of federal backing, which can ease concerned investors. Investors are certainly trying to take advantage of the new funding opportunities — David Anthony, founding partner of 21Ventures, [tasks a fourth of his staff to write DOE grant applications full time](#). [Over 50 companies that we know of have applied](#) for the over \$3 billion in funds from the DOE for smart grid technology and projects.

There are also some greentech IPO front runners that are giving investors hope. They include [lithium-ion battery firm A123Systems](#) and smart grid networking company Silver Spring Networks, which estimates it will make revenue on the order of \$200 million next year [and soon be profitable](#).

Clearly the greentech private investment funding levels won't hit last year's record levels in the short term, and the types of firms that end up getting the bulk of the funds this time around won't be the same as those in the summer '08 bubble. Back then, solar and biofuel companies attracted a lot of capital, while these days it's the smart grid and energy storage makers that are the new darlings.

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